

AGREEMENT

This Agreement is made and entered into by and between Norphlet Chemical, Inc. (hereinafter "Norphlet"), and Tulstar Refrigerants, LLC (hereinafter "Tulstar"), and sets forth the terms and conditions of their agreement as to the supply of raw materials, exclusive output of HFC-134a; of a minimum stated amount, and right of first refusal thereafter.

WHEREAS, Norphlet is in the business of producing HFC-134a; and

WHEREAS, Tulstar has need for all quantities of HFC-134a that Norphlet can manufacture;

NOW, THEREFORE, for and in consideration of the sums herein expressed and the mutual promises herein contained, be it agreed as follows:

1. SCOPE OF AGREEMENT:

A. Exclusive Output: Tulstar agrees to purchase all HFC-134a Norphlet can manufacture and produce up to a minimum of 15 million pounds of HFC-134a per Output Term. The phrase "Output Term" as used herein shall mean the period commencing on the date Norphlet first produces HFC-134a that conforms to standards stated herein and continuing for a twelve (12) month period thereafter, subject to automatic annual renewal as provided herein. Tulstar agrees to pay Norphlet a tolling fee of \$0.51/lb for production of first 15 million pounds of HFC-134a and \$0.50/lb for all production of HFC-134a thereafter, subject to and conditioned upon (i) Tulstar's obtaining, in Tulstar's sole discretion and judgment, satisfactory pricing for raw materials; (ii) Norphlet producing said volume of HFC-134a within all applicable legal considerations, such as patents, licenses, environmental regulations, and at a quality that conforms with U.S. Commercial

Standards and meets the most current ARI 700 specifications; and (iii) based on all by-products of production (i.e., HCL) being delivered to a proper destination. Provided market conditions and capacity allow, the Parties intend to have Norphlet toll manufacture an estimated 20-50 million pounds of HFC-134a for Tulstar on an annual basis.

B. Raw Materials: Tulstar will supply Norphlet with raw materials (HF and TCE) required for the manufacture of HFC-134a that is tolled for Tulstar, provided (i) Norphlet agrees to indemnify and hold Tulstar harmless as set forth herein for any loss or harm related to such raw materials after Norphlet or its agent(s) take possession of such raw materials; (ii) Norphlet agrees to pay to Tulstar all costs and expenses related to such raw materials if Norphlet fails to manufacture HFC-134a in sufficient marketable quantity or quality as set forth herein; and (iii) Norphlet agrees to pay Tulstar an agreed amount for raw materials used to manufacture HFC-134a that is either sold to a third party or not purchased by Tulstar consistent with the terms of this Agreement.

C. Right of First Refusal: The Parties agree that Tulstar shall be given the option to purchase all or any portion of HFC-134a manufactured in excess of 15 million pounds of HFC-134a during the Output Term at the price set forth herein. Tulstar shall give notice to Norphlet within 30 days of its intent to purchase all or any portion of such HFC-134a produced by Norphlet in excess of 15 million pounds after receiving notice from Norphlet of such excess production. In the event Tulstar does not purchase all the HFC-134a produced by Norphlet, then Norphlet shall be free to sell such excess production not purchased by Tulstar to Honeywell or LSB Industries at such prices as Norphlet may negotiate with Honeywell or LSB Industries.

2. ADDITIONAL STANDARDS:

Regarding the manufacturing process by Norphlet, it is agreed that Norphlet should produce one pound of HFC-134a and the by-product HCL with 1.720 pounds of TCE and 0.0832 pounds of HF. This is based on 95% of theoretical. In the event Norphlet does not achieve the optimum ratio above expressed 95%, adjustments in the price of raw materials shall be negotiated by these parties.

3. TERM AND TERMINATION:

This Agreement shall be for a term of one (1) year and shall automatically renew for successive one year terms. This Agreement and any renewal thereof may be terminated by either Party by written notice of that Party's intent not to renew this Agreement submitted to the other Party at least 30 days prior to the renewal date.

4. INSURANCE AND INDEMNITY:

Norphlet agrees to procure and maintain general liability insurance, umbrella policy, and workers' compensation insurance in coverage amounts of 10 Million Dollars, and name Tulstar as additional insured on all policies during the term of this Agreement and any Output Term; Norphlet agrees to supply Tulstar with a current certificate of insurance to verify compliance with this subsection. Norphlet hereby agrees to indemnify, defend and hold harmless Tulstar, its parent, subsidiaries, and related companies, its licensees, affiliates, and their respective officers, directors, agents, and employees from any and all third party claims, actions or proceedings of any kind and from any and all damages, liabilities, costs and expenses (including reasonable legal fees and costs) relating to or arising out of any breach of any of the warranties, representations or agreements hereunder or otherwise in connection with the manufacture, production,

~~storage, distribution, or otherwise related in any way to the HFC-134a or the raw materials thereto, except for gross negligence by Tulsitor.~~

5. CONFIDENTIALITY:

The Parties shall hold in confidence the terms of this Agreement and any negotiations relating thereto. Neither Party shall disclose, without the other Party's prior consent to any third party (other than its respective employees, directors, officers, attorneys and agents engaged in this transaction, in their capacity as such, on a need-to-know basis), any information with respect to the terms and provisions of this Agreement except: (a) to the extent necessary to comply with law or the valid order of a court of confident jurisdiction, in which event the party making such disclosure shall so notify the other Party as promptly as practicable (if possible, prior to making such disclosure) and shall seek confidential treatment of such information; (b) as part of its normal reporting or review procedure to its parent company, banks, auditors, investment bankers, underwriters and/or attorneys (collectively, "Reporting Parties"), provided that such Reporting Parties agree to be bound by the provisions of this paragraph; (c) in order to enforce to its rights pursuant to this Agreement; and (d) when such information is otherwise publicly available.

6. REMEDIES:

No action or omission by either Party shall constitute a breach of this Agreement unless the other Party first gives notice in writing by sending forth the alleged breach or default, and the Party receiving such notice does not cure the same within a reasonable period of time. The Parties agree that if the obligations hereunder are breached, the

damage, if any, caused to the other Party may be irreparable and sufficient to entitle the non-breaching Party to injunctive or other equitable relief. All remedies afforded herein or otherwise available to either Party hereto shall be cumulative, and no one such remedy shall be exclusive of, or shall be considered a waiver of, any other.

7. MISCELLANEOUS:

A. Power and Authority: Norphlet hereby represents, warrants and covenants that it is a corporation duly formed and validly existing in good standing under the laws of the State of Arkansas and has the requisite power and authority to enter into this Agreement and to perform its obligations hereunder. Norphlet represents and warrants that the individual executing this Agreement on behalf of Norflet has the authority and power to bind Norphlet hereunder.

B. Notices and Amendments: All notices shall be in writing and shall be transmitted by a Party to the other by mail, facsimile, express mail, or personal delivery. No amendment or modification of this Agreement shall be valid unless such amendment or modification is in writing and signed by an authorized representative of both Parties.

C. Entire Agreement and Severability: This Agreement represents the entire understanding and agreement between the Parties, and supersedes all previous statements, representations, writings, or other agreements between the Parties as to the subject matter contained herein. In the event that any provision in this Agreement is deemed to be void or otherwise unenforceable, such provision shall be disregarded and the remainder of this Agreement will remain in full force and effect in all other respects as if the unenforceable provision had not been a part of this Agreement. This Agreement is not intended to

create a joint venture or partnership or similar relationship, and both Parties expressly deny any such relationship.

D. Governing Law. The substantive laws (as distinguished from the choice of law rules) of the State of Arkansas applicable to contracts shall govern the construction and interpretation of this Agreement, the performance by the Parties of the respective obligations hereunder, and all other causes of action (whether sounding in contract or in tort) arising out of or relating to this Agreement or the termination of this Agreement.

WITNESS our hands this 13th day of December, 2005.

Norphlet Chemical, Inc.

By: [Signature]

Title: _____

Tulstar Refrigerants, L.L.C.

By: [Signature]

Title: President

Dec 13 2005 10:02AM MORPHLET CHEMICAL INC

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COLLATERAL ASSIGNMENT OF CONTRACT

THIS COLLATERAL ASSIGNMENT OF CONTRACT is executed by Morphlet Chemical, Inc., an Arkansas corporation, P.O. Box 100, Morphlet, AR 71759 ("Assignor") for the benefit of the Arkansas Department of Economic Development, One Capitol Mall, Little Rock, AR 72201 ("Assignee") this 5th day of December, 2005.

WITNESSETH:

WHEREAS, Assignee has extended or arranged certain financing transactions for, or on behalf of, Assignor; and

WHEREAS, Assignor is indebted to Assignee under the following described documents and instruments, to wit:

(a) Reimbursement Agreement to be dated the date of issuance of the hereinafter identified bonds, between Assignor and Assignee, whereby Assignor will be obligated to reimburse Assignee for all payments made by it of the principal of and interest on the City of Morphlet, Arkansas Industrial Development Revenue Bonds (Morphlet Chemical, Inc. Project), Series 2006, in the aggregate principal amount of \$2,485,000, under the Guaranty of Payment of Industrial Development revenue Bonds to be issued by Assignee.

(b) Promissory Note of even date herewith in the principal sum of One Million Five Hundred Thousand and no/100s dollars (\$1,500,000.00) bearing interest at the rate of Five Percent (5%) per annum, made and executed by Assignor for the benefit of the City of Morphlet, Arkansas and Assignee.

All of the foregoing being hereinafter defined as the "Obligations"; and

WHEREAS, Assignor has entered into a ^{an Agreement U/M/N} ~~Take-or-Pay~~ contract with ^{Tulstar Refrigerants, LLC} ~~Tulstar Products, Inc.~~ ("Tulstar") dated November 20, 2005, wherein Tulstar has agreed, *inter alia*, to take or pay for Fifteen Million (15,000,000) pounds of HFC-134a ("Contract"); and

WHEREAS, in order to secure Assignor's payment and performance of the Obligations, Assignor has agreed to transfer, pledge and assign the Contract, and all of its rights thereunder, to Assignee.

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby transfers, pledges and assigns the Contract to Assignee, and its successors and assigns, together with all rights, powers, interests, privileges and remedies of the Assignor set forth therein.

Assignor warrants and represents to Assignee and its successors and assigns, that:

1. The terms of the Contract are fully set out and disclosed in the copy delivered to Assignor and the Contract is fully assignable.
2. Assignor will notify Assignee of any requested amendment, alteration or revocation of the Contract.
3. Assignor has not executed any prior assignment, pledge or hypothecation of its rights under the Contract, and holds full and complete power and authority to transfer, pledge and assign its rights thereunder. Assignor hereby covenants and agrees that, after an event of default as defined in any security document or instrument evidencing or securing the Obligations ("Security Instrument"), it shall do or cause to be done all acts and things necessary or proper to effect performance and recovery under the Contract.
4. This Assignment is executed as security for the payment of all sums due and owing under the Obligations. Provided that no event of default has occurred under any Security Instrument, Assignor shall have the right to receive all benefits arising out of the Contract.
5. If through the exercise of its rights hereunder Assignee succeeds to Assignor's rights under the Contract, Assignee agrees to perform Assignor's obligations under the Contract to the fullest extent permitted by law.
6. Without limiting the foregoing, Assignor covenants and agrees to execute such further additional instruments, documents and assignments as may be requested by Assignee to vest in Assignee all rights of Assignor under the Contract.
7. Tulstar has executed the Assignment for the sole purpose of acknowledging its consent to the assignment of the Contract.

Witness our hands the day and year first written above.

Norphlet Chemical, Inc.

By: John L. Garrison
John L. Garrison, CEO

Approved:
Tulstar Refrigerants, LLC.
Tulstar Products, Inc.

By: Mark Nagle
Mark Nagle, President